

STORAGE NAME: h0665.brc

DATE: February 11, 2000

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
BUSINESS REGULATION & CONSUMER AFFAIRS
ANALYSIS**

BILL #: HB 665

RELATING TO: Auctioneering

SPONSOR(S): Representative Greenstein

TIED BILL(S):

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) BUSINESS REGULATION & CONSUMER AFFAIRS
 - (2) JUDICIARY
 - (3) GENERAL GOVERNMENT APPROPRIATIONS
 - (4)
 - (5)
-

I. SUMMARY:

The bill relieves the Department of Business and Professional Regulation of the burden of preparing and administering the required auctioneer examination by allowing the use of an exam approved by the department. Subject requirements for the exam are updated. The bill requires written agreements for all auctions and an accounting, payment or return of money and property within a reasonable time. It eliminates provisions requiring court judgements and certain notices to allow claimants to go directly to the Board of Auctioneers for payment from the Auctioneer Recovery Fund. It defines a single transaction or auction for purposes of the statute and limits recovery from the fund to claims arising from occurrences happening within the state after October 1, 1991. Upon payment, the fund is subrogated to the rights of claimants.

Lower barriers to filing claims against the fund may increase disbursements.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

1. Less Government Yes No N/A

The Board of Auctioneers is given the authority to issue final orders directing restitution and order payment from the Auctioneer Recovery Fund when those orders are determined uncollectible. A judgement is no longer required prior to filing a claim against the Auctioneer Recovery Fund. Claimants who are unable to secure a judgement are entitled to apply to the Board of Auctioneers for recovery. A written agreement is required for all auctions.

2. Lower Taxes Yes No N/A

3. Individual Freedom Yes No N/A

4. Personal Responsibility Yes No N/A

5. Family Empowerment Yes No N/A

B. PRESENT SITUATION:

Section 468.385, F.S., requires auctioneers to pass a written exam prepared and administered by the Department of Business and Professional Regulation (the department). This section further requires that the exam test knowledge of the laws of bulk sales, auctions, brokerage, and provisions of the act.

Generally, s. 468.388, F.S., requires written agreements for all auctions. However, subsection 3 of this section provides exceptions under certain circumstances.

Section 468.389, F.S., provides for disciplinary actions against auctioneers and auction businesses when they fail to account for or pay, within a reasonable time, money that has come into their control through an auction. The statute does not provide a similar protection for property that has come into an auctioneer's or auction business' control. Nor does the statute allow discipline for the failure to return money or property.

The Auctioneer Recovery Fund (the fund) was established to allow persons to recover losses when they otherwise could not collect a court judgement against an auctioneer. Section 468.395, F.S., requires the filing of a notice with the Board of Auctioneers (the board) upon the commencement of a recovery action against an auctioneer that may result in a claim against the fund. Following judgement against an auctioneer on the claim, the person must make reasonable efforts to recover the judgement from the auctioneer. To the extent a judgement is not paid, a person may recover from the fund by filing a verified application in the court in which the judgement was received for an order for payment out of the fund. The payment out of the fund is limited to actual and direct losses and may not include attorney's fees or punitive damages. The payment out of the fund is further limited to \$50,000 per transaction and an aggregate lifetime limit of \$100,000 per licensee.

STORAGE NAME: h0665.brc

DATE: February 11, 2000

PAGE 3

Under s. 468.395(5), F.S., claims for payment from the fund may not be submitted until after October 1, 1995. However, the board is now receiving application for payments resulting from occurrences prior to this date. Also, there is no limitation that claims must arise from occurrences within Florida.

Current law does not provide for the subrogation of the claimants rights upon payment from the fund.

C. EFFECT OF PROPOSED CHANGES:

The bill allows the use of a department approved exam. The exam requirements are updated to test the applicant's knowledge of the laws of Florida relating to the Uniform Commercial Code, auctions, the laws of agency, and the act.

The exceptions to the required written agreement under s. 468.388, F.S., are eliminated. All auctions will require a written agreement.

The bill amends s. 468.389, F.S., to expand the circumstances when an auctioneer or auction business could be disciplined under the statute. Currently, an auctioneer or auction business can be disciplined for failure to account for or pay money, within a reasonable time. The bill allows an auctioneer or auction business to be disciplined for not returning items and the statute is expanded to include property in addition to money. This provides the same protection for property that the statute provides for money and allows for the discipline of auctioneers who fail to return money or property. Sections 468.385(3)(b) and 468.391, F.S., are reenacted to incorporate this change into those sections.

The secretary of the department receives the authority to designate someone to sign vouchers to the treasurer for payments and disbursements from the fund. The secretary or the designee can sign vouchers.

Section 468.395, F.S., is amended to delete the requirement that the an aggrieved person receive a judgement and court order for payment from the fund. The required notice of commencement of action is also stricken. The bill allows persons to apply directly to the board for a final order directing a licensee to pay restitution. A claimant may receive payment from the fund if the board determines that the order is not collectable from the licensee. The bill defines "single transaction or auction" to aide in the payment of claims. Further, recovery is only allowed for claims that arise from occurrences within Florida after October 1, 1991. Also, the fund is subrogated to the rights of any claimant against a licensee in the amount of the payment received from the fund.

The bill corrects language in s. 468.397, F.S.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Amends s. 468.385(4) and (6), F.S., requiring licensees to pass a board approved test that is updated to include provisions of the Uniform Commercial Code and the laws of agency, in addition to existing requirements.

Section 2. Amends s. 468.388, F.S., striking subsection 3 of the statute that provided exceptions to the requirement that written agreements be executed prior to conducting an auction. Written agreements would be required for all auctions. The remaining subsections are renumbered.

Section 3. Amends s. 468.389(1)(c), F.S., to provide that failure to deliver, in a reasonable time, money or property that has come into the control of an auctioneer may be disciplined under the statute. This makes auctioneers responsible for delivery of property as well as money within their control.

Section 4. Reenacts s. 468.385(3)(b), F.S., and s. 468.391, F.S., for purposes of incorporation of references to s. 468.389(1)(c), F.S., a subsection changed by this bill.

Section 5. Amends s. 468.392(2), F.S., to allow the Secretary of the Department of Business and Professional Regulation to designate a person to sign vouchers for payments and disbursements from the Auctioneer Recovery Fund.

Section 6. Amends s. 468.395, F.S., deleting provisions relating to and requiring a judgement and court ordered payment from the fund; permitting application directly to the board for recovery of a loss; limiting recovery only to losses resulting from actions occurring within this state after October 1, 1991; defining a single transaction or auction, for purposes of the subsection; deleting the required notice to the board upon commencement of court action; and, subrogating the fund to the rights of the claimant, to the extent of the payment, upon payment from the fund.

Section 7. Amends s. 468.397, F.S., correcting language.

Section 8. Provides an effective date of July 1, 2000.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None

2. Expenditures:

Please see Fiscal Comments section.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Auctioneers are required to keep written agreements for all auctions, without exception. Claimants can avoid the costs of receiving a court judgement while others can receive payment from the fund when they have been unable to secure a judgement.

STORAGE NAME: h0665.brc

DATE: February 11, 2000

PAGE 5

D. FISCAL COMMENTS:

Lower barriers to filing claims against the fund may increase disbursements. Claimants are not required to secure a court judgement and attempt execution.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None

B. RULE-MAKING AUTHORITY:

None

C. OTHER COMMENTS:

On April 26, 1999, HB 1987, a bill substantially similar to this one, unanimously passed the House of Representatives. The bill died in the Senate Committee on Regulated Industries on April 30, 1999.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

STORAGE NAME: h0665.brc

DATE: February 11, 2000

PAGE 6

VII. SIGNATURES:

COMMITTEE ON BUSINESS REGULATION & CONSUMER AFFAIRS:

Prepared by:

Staff Director:

Eric Lloyd

Rebecca R. Everhart